



REAL ESTATE COMMISSION
 STATE OF HAWAII
 DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
 PROFESSIONAL AND VOCATIONAL LICENSING DIVISION
 P. O. Box 3469
 Honolulu, Hawaii 96801

CONDOMINIUM PUBLIC REPORT

KALELE KAI - I
 One Keahole Place
 Honolulu, Hawaii 96825

Registration No. 2568

Issued: January 28, 1992
 Expires: February 28, 1993

Report Purpose:

This report is based on information and documents submitted by the developer to the Real Estate Commission as of January 14, 1992, and is issued by the Commission for informational purposes only. It represents neither approval nor disapproval of the project. Buyers are encouraged to read this report carefully.

Type of Report:

PRELIMINARY: The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued when complete information is filed.
(yellow)

FINAL: The developer has legally created a condominium and has filed complete information with the Commission.
(white)

No prior reports have been issued
 Supersedes all prior public reports
 Must be read together with _____

SUPPLEMENTARY: Updates information contained in the
(pink)

Prelim. Public Report dated _____
 Final Public Report dated _____
 Supp. Public Report dated _____

And Supersedes all prior public reports
 Must be read together with _____

This report reactivates the _____
 public report(s) which expired on _____

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

Required Not Required - disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

No prior reports have been issued by the Commission.

Changes made are as follows:

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Escrow Company	

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GENERAL INFORMATION ON CONDOMINIUMS

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of Hawaii's "Condominium Property Act" (Chapter 514A, Hawaii Revised Statutes) must be followed.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owner/tenant) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements. The leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

Common elements are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called limited common elements and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged, or encumbered, and they may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without a vote of the owners. Some of these actions may significantly impact the quality of life for all apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is vitally important to all apartment owners that the transition from developer to owner control be accomplished in an orderly manner and in a spirit of cooperation.

SUMMARY OF THE CONDOMINIUM PROJECT

Interest to be Conveyed to Buyer:

- Fee simple interest in an apartment and an undivided feehold interest in the common elements.
- Leasehold interest in an apartment and an undivided leasehold interest in the common elements.
- Fee simple interest in an apartment and an undivided leasehold interest in the common elements.

Types of Project:

- 1. New Building(s) Conversion
 Both New Building(s) and Conversion
- 2. Residential Commercial Ohana
 Mixed Residential and Commercial Agricultural
 Other _____
- 3. High Rise (5 stories or more) Low Rise
- 4. Single or Multiple Buildings
- 5. Apartment Description See Exhibit A

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 60

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

6. Parking:

	<u>Number of Stalls</u>
Assigned Stalls (Individual Units)	<u>124</u>
Guest Stalls	<u>6</u>
Unassigned Stalls	_____
Extra Stalls Available for Purchase	_____
Other: <u>Handicap</u>	<u>2</u>
Total Parking Stalls	<u>132</u>

7. Recreational amenities:

The Club House shall contain a swimming pool, spa, lounge area, a servery and storage room for tables and chairs and toilet rooms with changing areas

I. PEOPLE CONNECTED WITH THE PROJECT

Developer: Kapalele Associates
Name
6600 Kalaniana'ole Highway
Business Address
Honolulu, Hawaii 96825

Phone: 395-2331
(Business)

Names of officers or general partners of developers who are corporations or partnerships:

Bedford Properties, Inc. - General Partner
Marina 11A Investments Associates - Limited Partner

Real Estate Broker: Pacific Homes, Inc.
Name
6600 Kalaniana'ole Highway
Business Address
Honolulu, Hawaii 96825

Phone: 395-2331
(Business)

Escrow: Title Guaranty Escrow Services, Inc.
Name
235 Queen Street
Business Address
Honolulu, Hawaii 96813

Phone: 521-0211
(Business)

General Contractor: BCI General Contractors
Name
6600 Kalaniana'ole Highway, Suite 300
Business Address
Honolulu, Hawaii 96825

Phone: 396-1806
(Business)

Condominium Managing Agent: Hawaiiana Management Company
Name
1270 Ala Moana Boulevard
Business Address
Honolulu, Hawaii 96814

Phone: 528-3800
(Business)

Attorney for Developer: Watanabe, Ing & Kawashima
Name
745 Fort Street, 5th Floor
Business Address
Honolulu, Hawaii 96813

Phone: 544-8300
(Business)

Attention: Ben Kudo or Donna Kanemaru

II. CREATION OF THE CONDOMINIUM;
CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners.

- A. Declaration of Condominium Property Regime contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

- Proposed
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

- B. Condominium Map (File Plan) shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

- Proposed
 Recorded - Bureau of Conveyance Condo Map No. _____
 Filed - Land Court Condo Map No. _____

Amendment date(s) and recording/filing information:

- C. Bylaws of the Association of Apartment Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the way in which meetings will be conducted, and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

- Proposed
 Recorded - Bureau of Conveyances - Document No. _____
Book _____ Page _____
 Filed - Land Court - Document No. _____

Amendment date(s) and recording/filing information:

The Condominium Statute (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

D. House Rules. The Board of Directors may adopt house rules to govern the use and operation of the common elements and individual apartments. House rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais, keeping of pets, and occupancy limits. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial house rules are usually adopted by the developer.

The House Rules for this condominium are:

Proposed Adopted Developer does not plan to adopt house rules.

E. Changes to Condominium Documents

Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	<u>Minimum Set by Law</u>	<u>This Condominium</u>
Declaration (and Condo Map)	75%	<u>75%</u>
Bylaws	65%	<u>65%</u>
House Rules	—	<u>Majority of Board of Directors</u>

The percentages for individual condominium projects may be more than the minimum set by law.

2. Developer:

No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules

The Developer may amend the Declaration, Bylaws and Condominium Map (a) at any time prior to recording of the first apartment deed or other conveyance to a party not a signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurer issuing title insurance on the Project, or by any governmental agency of any other jurisdiction as a condition to marketing the Project in such jurisdiction; (c) to file the "as built" verified statement required by Section 514A-12, H.R.S.; and (d) to complete the merger of Phase 1, Phase 2 and Phase 3 of development of the Project as set forth in Paragraph 20 of the Declaration of Condominium Property Regime of Kalele Kai.

III. THE CONDOMINIUM PROJECT

A. Interest to be Conveyed to Buyer:

- Fee Simple: Individual apartments and the common elements which includes the underlying land will be in fee simple.
- Leasehold or Subleasehold: Individual apartments and the common elements which includes the underlying land will be leasehold.

The leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit B contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: See Exhibit B
Rent Renegotiation Date(s): See Exhibit B

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit B contains a schedule of the lease rent for each apartment per
 Month Year.

Individual Apartments in Fee Simple Common Interest in the Underlying Land in Leasehold or Subleasehold:

The leases for the underlying land usually require that at the end of the lease term, the lessees (apartment owners - tenants) deliver to the lessor (fee property owner) their interest in the land and that they either (1) remove or dispose of the building(s) and other improvements; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____
Rent Renegotiation Date(s): _____

Lease Rent Payable: Monthly Quarterly
 Semi-Annually Annually

Exhibit contains a schedule of the lease rent for each apartment per
 Month Year.

- Other: This is a LEASEHOLD condominium project. At the end of the term of the underlying lease, the Lessor (The Trustees of the Estate of Bernice Pauahi Bishop) shall own all buildings and improvements constructed upon the land and the Apartment owner shall deliver possession of same to the Lessor.

For Subleaseholds:

- [] Buyer's sublease may be cancelled if the master lease between the sublessor and fee owner is
[] Cancelled [] Foreclosed
- [] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is cancelled or foreclosed.

B. Underlying Land:

Address: One Keahole Place Tax Map Key: (1)3-9-08:30 (por.)
Honolulu, Hawaii 96825 (TMK)

[] Address [] TMK is expected to change because _____

Land Area: 373,108 [X] square feet [] acre(s) Zoning: A-2

Fee Owner: The Trustees of the Estate of Bernice Pauahi Bishop
Name

567 South King Street, Suite 200
Address

Honolulu, Hawaii 96813

Sublessor: _____
Name

Address

C Buildings and Other Improvements:

1. [X] New Building(s) [] Conversion of Existing Building(s)
[] Both New Building(s) and Conversion

2. Buildings: 1 Floors Per Building 6

[X] Exhibit C contains further explanations.

3. Principal Construction Material:

[X] Concrete [] Hollow Tile [X] Wood

[X] Other Hard Tile, Plaster, Steel, Aluminum, Glass

4. Permitted Uses by Zoning:

	No. of Apts.	Use Determined By Zoning		No. of Apts.	Use Determined By Zoning
<input type="checkbox"/> Commercial	_____	_____	<input type="checkbox"/> Industrial	_____	_____
<input checked="" type="checkbox"/> Residential	<u>60</u>	<u>Yes</u>	<input type="checkbox"/> Agricultural	_____	_____
<input type="checkbox"/> Timeshare/Hotel	_____	_____	<input type="checkbox"/> Recreational	_____	_____
<input type="checkbox"/> Other: _____	_____	_____		_____	_____

Is/Are this/these use(s) specifically permitted by the project's declaration or bylaws?
 Yes No

5. Special Use Restrictions:

The Declaration, Bylaws, and House Rules may contain restrictions on the use and occupancy of apartments. Restrictions for this condominium project include but are not limited to:

Pets: Fish, birds and other generally recognized and accepted household pets less than 10 pounds in weight and confined.

Number of Occupants: _____

Other: Residential Use Only

There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators 2 Stairways 2 Trash Chutes 3
See Exhibit A

<u>Apt. Type</u>	<u>Quantity</u>	<u>BR/Bath</u>	<u>Net Living Area (sf)*</u>	<u>Lanai/Patio (sf)</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Total Apartments: 60

**Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.*

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

See Exhibit D

Permitted Alterations to Apartments:

See Exhibit E

7. Parking Stalls:

Total Parking Stalls: 132

	Regular		Compact		Tandem		TOTAL
	covered	open	covered	open	covered	open	
Assigned (for individual units)	61		63				124
Guest		6					6
Unassigned							
Extra Available for Purchase							
Other:	2 HANDICAP						2
Total Covered & Open	69		63				

Each apartment will have the exclusive use of at least two (2) parking stall(s). *
Buyers are encouraged to find out which stall(s) will be available for their use.

*Penthouse apartments will have exclusive use of three (3) parking stalls.

Commercial parking garage permitted in condominium project.

Exhibit A contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

There are no recreational or common facilities.

Swimming pool

Storage Area

Recreation Area

Laundry Area

Tennis Court

Trash Chute

Other: Equipment room, maintenance office

9. Present Condition of Improvements

(For conversions of residential apartments in existence for at least five years):

a. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations

N/A

b. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

N/A

10. Conformance to Present Zoning Code

a. No variances to zoning code have been granted.

Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	<u>Conforming</u>	<u>Non-Conforming</u>	<u>Illegal</u>
Uses	<u>X</u>	<u> </u>	<u> </u>
Structures	<u>X</u>	<u> </u>	<u> </u>
Lot	<u>X</u>	<u> </u>	<u> </u>

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure, or lot.

D. Common Elements, Limited Common Elements, Common Interest:

1. Common Elements: Common Elements are those parts of the condominium project intended to be used by all apartment owners. They are owned jointly by all apartment owners.

Exhibit F describes the common elements.

As follows:

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

There are no limited common elements in this project.

The limited common elements and the apartments which may use them are:

described in Exhibit G

as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is often used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium. It may also be used for other purposes, including voting on matters requiring action by apartment owners.

Exhibit A describes the common interests for each apartment.

As follows:

E. Encumbrances Against Title: An encumbrance is a claim against or a liability on the property.

Exhibit H describes the encumbrances against the title contained in the title report dated December 18, 1991 and issued by Title Guaranty of Hawaii, Inc.

Blanket Liens:

A blanket lien is a mortgage on a condominium project that secures a construction loan. It is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

There are no blanket liens affecting title to the individual apartments.

There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. Buyer's interest will be affected only if the developer defaults prior to conveying the apartment to buyer.

<u>Type of Lien</u>	<u>Effect on Buyer's Interest If Developer Defaults</u>
Construction Loan	There will be no effect upon Buyer's interest if Developer defaults. If Developer defaults, Lender has remedies such as, but not limited to, demanding full and immediate payment of the amounts unpaid or it may take over the project in the same capacity as the Developer. Lender does not have the right to terminate the interest of a Buyer.

F. Management of the Common Elements: The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a managing agent to assist the Association in managing the condominium project.

-- Initial Managing Agent: When the developer or the developer's affiliate is the initial managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial managing agent for this condominium is:

not affiliated with the Developer.

the Developer or the Developer's affiliate.

self-managed by the Association of Apartment Owners.

other _____

G. Estimate of Initial Maintenance Fees:

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, your apartment may be liened and sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided to each apartment.

Exhibit I contains a schedule of maintenance fees and maintenance fee disbursements.

H. Utility Charges for Apartments:

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

Not applicable

Electricity Common Areas Only

Television Cable

Gas

Water & Sewer

Other _____

I. Construction Warranties:

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. *Building and Other Improvements:*

See Exhibit J

2. *Appliances:* A description of warranties on the appliances to be installed in each condominium unit is presently unavailable inasmuch as the purchase contracts therefor have not been executed by the Developer. The Developer will attempt to assign to buyers the unexpired term, if any, of any manufacturer's or dealer's warranties covering any fixtures or appliances in the condominium unit. By such assignment, the Developer will be merely passing through to buyers any such manufacturer's or dealer's warranties and Developer will not be adopting any such warranties or acting as co-warrantor. Buyer acknowledges and agrees that THE DEVELOPER IS NOT ADOPTING ANY SUCH CONTRACTOR'S, MANUFACTURER'S OR DEALER'S WARRANTIES, OR ACTING AS CO-WARRANTOR, BUT IS MERELY ATTEMPTING TO PASS THROUGH TO BUYER THE BENEFIT OF ANY SUCH WARRANTIES.

IV. ADDITIONAL INFORMATION NOT COVERED ABOVE

The Kalele Kai condominium project shall also be a member of the Hawaii Kai Marina Community and subject to that certain Declaration of Protective Provisions, a copy of which will be provided to each owner. Each owner may be required to pay a proportionate share of any cost to maintain, repair and improve Kuapa Pond and the waterways.

The Kalele Kai condominium project shall also be a member of the association formed to perpetually maintain the private park disclosed in the Declaration of Condominium Property Regime Paragraph 22(e) and the Leasehold Condominium Sales Contract Paragraph 23(g). As a member of the association, each owner of Kalele Kai shall be required to pay its proportionate share of the cost to maintain, repair and improve the private park. The private park shall be for the exclusive use and benefit of the members of the association.

Buyer's Right to Cancel Sales Contract:

A. Rights Under the Condominium Statute:

Preliminary Report: Sales made by the Developer are not binding on the prospective buyer. Sales made by the Developer may be binding on the Developer unless the Developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to \$250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Final Report, Supplementary Report to a Final Report: Sales made by the Developer are binding if:

1. The Developer delivers to the buyer a copy of:
 - a. Either the Final Public Report OR the Supplementary Public Report which has superseded the Final Public Report;
AND
 - b. Any other public report issued by the Commission prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
2. The buyer is given an opportunity to read the report(s); and
3. One of the following has occurred:
 - a. The buyer has signed a receipt for the report(s) and waived the right to cancel; or
 - b. Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
 - c. The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

1. There is a material change in the condominium which directly, substantially, and adversely affects (a) the use or value of the buyer's apartment or its limited common elements; or (b) the amenities available for buyer's use; and
2. The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

B. Rights Under the Sales Contract:

Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the condominium. These include but are not limited to the:

1. Condominium Public Reports issued by the Hawaii Real Estate Commission.
2. Declaration of Condominium Property Regime and Condominium Map.
3. Bylaws of the Association of Apartment Owners.
4. House Rules.
5. Escrow Agreement.
6. Hawaii's Condominium Law (Chapter 514A, HRS, as amended; Hawaii Administrative Rules, Chapter 16-107, adopted by the Real Estate Commission).
7. Other Declaration of Protective Provisions; Declaration of Restrictive Covenants (Private Park)

If these documents are not in final form, the buyer should ask to see the most recent draft.

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer and are on file at the Department of Commerce and Consumer Affairs. Reprints of Hawaii's Condominium Law (Chapter 514A, HRS, and Hawaii Administrative Rules, Chapter 16-107) are available at the Department of Commerce and Consumer Affairs, 1010 Richards Street, P. O. Box 541, Honolulu, HI 96809.

This Public Report is a part of Registration No. 2568 filed with the Real Estate Commission on December 20, 1991.

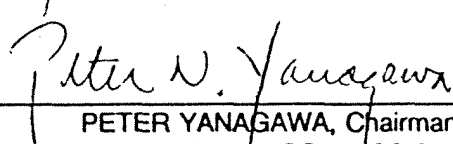
Reproduction of Report. When reproduced, this report must be on:

yellow paper stock

white paper stock

pink paper stock

Expiration Date of Reports. Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the date of issuance unless a Supplementary Public Report is issued or unless the Commission issues an order extending the effective period for the report.



PETER YANAGAWA, Chairman
REAL ESTATE COMMISSION
STATE OF HAWAII

Distribution:

Bureau of Conveyances
Department of Finance, City & County of Honolulu
Planning Department, City & County of Honolulu
Federal Housing Administration

EXHIBIT A

KALELE KAI - I
UNIT SPECIFICATIONS

Phase 1, Building 3 - Northern Boundary of Project

Unit No.	Unit Type	Bed Room	Bath Room	Total No. of Rooms	Living Area (s.f.)	Lanal (s.f.)	Total (s.f.)	Common Interest	Parking Stall Nos.	Boat Mooring
3106	B1R-1	2	2	6	1,424.5	263.9	1,688.4	1.3772	22C, 53C	
3108	A-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	25, 52C	
3110	C-1	2	2	6	1,427.6	265.8	1,693.4	1.3802	45C, 46C	B1 to B1
3112	E-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	61, 62	
3113	ER-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	58, 59C	
3202	ER-2	3	2 1/2	7 1/2	1,998.7	587.7	2,586.4	1.9324	96C, 110C	
3204	C1R-1	2	2	6	1,421.9	265.8	1,687.7	1.3747	81, 82	
3206	B1R-1	2	2	6	1,424.5	263.9	1,688.4	1.3772	79, 80C	
3208	A-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	63, 64	
3210	C-1	2	2	6	1,427.6	265.8	1,693.4	1.3802	65, 66	
3212	E-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	108C, 109C	
3213	ER-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	106C, 107C	
3301	E-3	3	2 1/2	7 1/2	1,998.7	1,745.7	3,744.4	1.9324	56C, 57	

*Total Rooms - includes bedrooms, bathrooms, separate living/dining room, and kitchen.

**Parking stalls for compact cars are indicated with a "C".

<u>Unit No.</u>	<u>Unit Type</u>	<u>Bed Room</u>	<u>Bath Room</u>	<u>Total No. of Rooms</u>	<u>Living Area (s.f.)</u>	<u>Lanal (s.f.)</u>	<u>Total (s.f.)</u>	<u>Common Interest</u>	<u>Parking Stall Nos.</u>	<u>Boat Mooring</u>
3302	ER-2	3	2 1/2	7 1/2	1,998.7	587.7	2,586.4	1.9324	54C, 55C	
3303	C-2	2	2	6	1,427.6	683.8	2,111.4	1.3802	77, 78	
3304	C1R-1	2	2	6	1,421.9	265.8	1,687.7	1.3747	75C, 76	
3305	A-2	2	2	6	1,427.2	683.8	2,111.0	1.3799	1, 2	
3306	B1R-1	2	2	6	1,424.5	263.9	1,688.4	1.3772	125C, 126C	
3307	B-2	2	2	6	1,430.4	681.9	2,112.3	1.3829	123C, 124C	
3308	A-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	73, 74C	
3309	AR-2	2	2	6	1,427.2	683.8	2,111.0	1.3799	71C, 72	
3310	C-1	2	2	6	1,427.6	265.8	1,693.4	1.3802	69, 70	
3311	CR-3	2	2	6	1,427.6	649.4	2,077.0	1.3802	16, 17	
3312	E-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	90C, 91	
3313	ER-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	94, 95	
3401	E-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	117C, 118C	

*Total Rooms - includes bedrooms, bathrooms, separate living/dining room, and kitchen.

**Parking stalls for compact cars are indicated with a "C".

<u>Unit No.</u>	<u>Unit Type</u>	<u>Bed Room</u>	<u>Bath Room</u>	<u>Total No. of Rooms</u>	<u>Living Area (s.f.)</u>	<u>Lanai (s.f.)</u>	<u>Total (s.f.)</u>	<u>Common Interest</u>	<u>Parking Stall Nos.</u>	<u>Boat Mooring</u>
3402	ER-2	3	2 1/2	7 1/2	1,998.7	587.7	2,586.4	1.9324	115C, 116C	
3403	C-1	2	2	6	1,427.6	265.8	1,693.4	1.3802	18C, 19	
3404	C1R-1	2	2	6	1,421.9	265.8	1,687.7	1.3747	5, 6	
3405	A-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	3, 4	
3406	B1R-1	2	2	6	1,424.5	263.9	1,688.4	1.3772	102C, 103C	
3407	B-1	2	2	6	1,430.4	263.9	1,694.3	1.3829	20, 21	
3408	A-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	104C, 105C	
3409	AR-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	67, 68	
3410	C-1	2	2	6	1,427.6	265.8	1,693.4	1.3802	97, 98	
3411	CR-1	2	2	6	1,427.6	265.8	1,693.4	1.3802	99, 100	
3412	E-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	23, 24	
3413	ER-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	50C, 51C	
3501	E-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	113C, 114C	
3502	ER-2	3	2 1/2	7 1/2	1,998.7	587.7	2,586.4	1.9324	111C, 112C	
3503	C-1	2	2	6	1,427.6	265.8	1,693.4	1.3802	34, 35	

*Total Rooms - includes bedrooms, bathrooms, separate living/dining room, and kitchen.

**Parking stalls for compact cars are indicated with a "C".

<u>Unit No.</u>	<u>Unit Type</u>	<u>Bed Room</u>	<u>Bath Room</u>	<u>Total No. of Rooms</u>	<u>Living Area (s.f.)</u>	<u>Lanal (s.f.)</u>	<u>Total (s.f.)</u>	<u>Common Interest</u>	<u>Parking Stall Nos.</u>	<u>Boat Mooring</u>
3504	C1R-1	2	2	6	1,421.9	265.8	1,687.7	1.3747	39C, 40C	
3505	A-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	41C, 42C	
3506	B1R-1	2	2	6	1,424.5	263.9	1,688.4	1.3772	36, 37	
3507	B-1	2	2	6	1,430.4	263.9	1,694.3	1.3829	43C, 44C	
3508	A-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	14, 15	
3509	AR-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	7, 8	
3510	C-1	2	2	6	1,427.6	265.8	1,693.4	1.3802	9C, 10	
3511	CR-1	2	2	6	1,427.6	265.8	1,693.4	1.3802	11, 12C	
3512	E-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	48C, 49C	
3513	ER-1	3	2 1/2	7 1/2	1,998.7	589.1	2,587.8	1.9324	32, 33	
3601	P-1	Loft			3,454.8	856.2	4,311.0	3.3402	30, 31C, 47C	
3602	P1R-2	Loft			3,448.3	854.8	4,303.1	3.3342	92, 93C, 83C	
3605	A-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	84C, 85	
3606	B1R-1	2	2	6	1,424.5	263.9	1,688.4	1.3772	121C, 122C	

*Total Rooms - Includes bedrooms, bathrooms, separate living/dining room, and kitchen.

**Parking stalls for compact cars are indicated with a "C".

Unit No.	Unit Type	Bed Room	Bath Room	Total No. of Rooms	Living Area (s.f.)	Lanal (s.f.)	Total (s.f.)	Common Interest	Parking Stall Nos.	Boat Mooring
3607	B-1	2	2	6	1,430.4	263.9	1,694.3	1.3829	119C, 120C	
3608	A-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	88, 89C	
3609	AR-1	2	2	6	1,427.2	265.8	1,693.0	1.3799	86, 87	
3612	P-1	Loft			3,454.8	856.2	4,311.0	3.3402	28C, 29, 13C	
3613	PR-1	Loft			3,454.8	856.2	4,311.0	3.3402	26, 27C, 60C	

*Total Rooms - includes bedrooms, bathrooms, separate living/dining room, and kitchen.

**Parking stalls for compact cars are indicated with a "C".

EXHIBIT B

KALELE KAI - I

MASTER LEASE SUMMARY

1. Lessor: THE TRUSTEES OF THE ESTATE OF BERNICE PAUAHI
BISHOP
567 South King Street, Suite 200, Honolulu,
Hawaii 96813
2. Lessee: KAPALELE ASSOCIATES
6600 Kalaniana'ole Highway, Suite 300,
Honolulu, Hawaii 96825
3. Property: Lot 1, File Plan 1910; situated on the
south-easterly side of Keahole Street and
Hawaii Kai Drive.

4. Lease Term: Fifty-seven (57) years.

Begin - January 1, 1990

Terminate - December 31, 2046

This lease and any amendments thereto shall be collectively referred to as the "Bishop Estate Lease".

5. Rent and Adjustment Periods:

Due - First (1st) day of January and July of each year.

- a. January 1, 1990
to December 31, 1991 -

Reduced annual minimum rent of \$1.00 per annum; provided, however, that this rate of rent does not apply to any condominium unit which is completed and sold.

- b. January 1, 1992
to December 31, 2001 -
(10 Years)

If less than 253 units, the annual rent shall be \$303,600. If more than 253 units, the annual rent shall be \$1,200.00 per unit.

- c. January 1, 2002
to December 31, 2011 -
(10 Years)
- Annual minimum rent shall be equal to 175% of the annual minimum rent for the last lease year preceding this period.
- d. January 1, 2012
to December 31, 2021 -
(10 Years)
- Annual minimum rent shall be equal to 175% of the annual minimum rent for the last lease year preceding this period.
- e. January 1, 2022
to December 31, 2036 -
(15 Years)
- January 1, 2037
to December 31, 2046
(10 Years)
- Annual minimum rent shall be determined by written agreement of Lessors and Lessee or, if no agreement is reached at least ninety (90) days before the commencement of this period, the annual minimum rent shall be equal to the product of (1) rate of return comprising the highest of (a) eight percent (8%), or (b) the then prevailing rate of return as charged under then new leases of comparable real property in the county in which this project is located in, or (c) the discount rate specified in any law permitting the condemnation of said land and the resale thereof to Lessee in which one method of computing the compensation to be paid to Lessors therefor is based on the rent payable hereunder, and (2) the then fair market

value of the demised land, based on either (a) the restricted use or (b) if no restricted use is specified by the Bishop Estate Lease, the highest and best use which had been permitted by the zoning or classification in effect as of the commencement date of this Lease and all subleases and tenancies. In no event shall the annual minimum rent be determined to be less than the annual minimum rent for the last lease year preceding such period. Until such rent is determined, Lessee shall pay installments of rent to Lessors in the same amounts and at the same times and manner as were payable for the last lease year. Lessee shall within fifteen (15) days after determination of rent, pay to Lessors the amount of any increase in rent which shall have accrued since the expiration of the preceding rental period. If such rent is determined by appraisal be either party disputes the amount of rent, whether by court action or otherwise, and causes a delay in the final determination of rent, Lessee shall pay to Lessors installments of rent as determined by appraisal at the same times and manner as previous and upon final

determination of such rent, either (a) Lessee shall pay to Lessors the amount of any increase in rent over the rent determined by appraisal as accrued from the preceding period plus interest at the rate of 12% per annum from the date of the appraised rent to final determination, or (b) Lessors shall pay to Lessee the amount of any decrease in rent from the appraised rent and final determination as accrued from the preceding rental period plus interest at 12% per annum from the date of the appraised rent to final determination.

6. Additional Rent to Lessor:

- a. Lessee shall pay all real property taxes and assessments of every description to said premises or improvement at least ten (10) days before becoming delinquent.
- b. Lessee shall pay all Hawaii general excise-tax on gross income or any successor or similar tax so that after deduction of such tax Lessor shall realize a net amount equal to an amount as if no such tax had been imposed.
- c. All costs and expenses paid or incurred by Lessors and required to be paid by Lessee under any provision of the Bishop Estate Lease.
- d. Lessee shall pay directly all utility charges, water and sewer rates, garbage rates and other charges.

7. Fire and Other Casualty Insurance:

- a. All buildings on the demised land shall be insured against loss or damage by fire and other risks of loss as provided by the standard "Causes of Loss-Special Form".

b. Insurance against damage in time of war will be purchased to the extent such insurance is obtainable at reasonable cost.

c. All insurance will be in an amount as near as practicable to the full replacement cost of the property insured which amount Lessee will review as to sufficiency at least annually.

d. All insurance will be obtained from a company authorized to do business in the State of Hawaii.

e. In case of loss or damage, all proceeds shall be used with all reasonable speed by Lessee for rebuilding, repairing or otherwise reinstating the same building in good and substantial manner according to the original plan and elevation. In the event the building is destroyed or damaged in excess of fifty percent (50%) of the actual cash value immediately prior to such casualty and the insurance proceeds are insufficient for restoring such building, Lessee may surrender the Bishop Estate Lease and Lessors may either (a) accept the surrender of the Bishop Estate Lease and Lessee, at its sole expense, shall cause all debris and remains of damaged buildings to be removed, or (b) advise Lessee of Lessors intention to restore such building using the insurance proceeds and any deficiencies shall be Lessors' responsibility and Lessee shall pay as additional rent for each and every year from the date of completion of such restoration until the end of the term a sum equal to the interest rate, no less than 8%, for a commercial real estate mortgage loan in Honolulu multiplied by an amount expended by Lessors from their own funds in making up such deficiency. In the event the building or any part is taken or condemned, the compensation equal to the amount expended by Lessors shall be payable to and the sole property of Lessors.

f. Comprehensive general liability insurance with minimum limits not less than \$2,000,000 for injury to one or more persons in any accident and for property damage or such other higher limits as Lessors may from time to time establish.

8. Condominium Property Regime:

a. Lessor shall join Lessee in submitting the premises to a Condominium Property Regime and thereby create condominium estates in leasehold in each of the dwelling units and all common elements of the project.

b. After submission of the premises to a Condominium Property Regime, Lessee shall surrender to Lessors the Bishop Estate Lease and Lessors shall concurrently deliver to Lessee or its designees condominium unit leases on all dwelling units submitted to the Condominium Property Regime for the remainder of the term of the Bishop Estate Lease. Lessee shall be released pro tanto of its obligations under the Bishop Estate Lease.

c. The Declaration of Condominium Property Regime, bylaws and dwelling unit leases shall require the association to retain a responsible corporate managing agent, experienced in the management of condominium projects and approved by the Lessors, for the management and operation of the project and collection of payments due.

d. The rent shall be allocated by the Lessee with due regard for all relevant factors, including the size, sale price, location, amenities and quality of each unit; provided that the total rent under all dwelling unit leases shall be equal to (no more and no less than) the rent required by the Bishop Estate Lease; provided, further, that all allocation of rent by Lessee shall require the prior written consent of Lessor.

e. All fire insurance shall be written in accordance with the Declaration in the name of the Association as trustee for all owners.

f. All compensation for or on account of any improvements of the project upon condemnation shall be payable to such bank or trust company authorized to do business in Hawaii as the board of directors of the Association shall designate as trustee for all dwelling unit owners and mortgagees according to the loss or damage to their respective dwelling units and appurtenant common interests and shall be promptly used by the Association to the extent necessary for restoring or replacing such improvements on the remaining land according to plans therefor first approved as provided in the declaration unless such restoration or replacement is impracticable.

g. Lessee shall at all times be deemed as owner of all dwelling units and shall have all rights, privileges, duties and obligations of such owners, including membership and vote in the Association; provided that any vote or other action with respect to construction plans, partition of the project or any other matter as

to which the Bishop Estate Lease or any dwelling unit lease requires the approval or consent of Lessors shall be effective only upon such approval or consent in writing.

9. Storm Waters:

a. Lessee nor the project will in any way hinder or obstruct the drainage of storm waters from upper adjacent lands across the premiss and shall contain said waters in drainage systems to be constructed by Lessee at its expense, as required by Lessors. Lessee will maintain and keep the drainage system and natural water course which may be on the premises in good order and condition and free from obstructions. Lessee shall not change the grading of the premises, change the location of any drainage systems or natural water courses which may be on the premises or concentrate the flow of storm waters from the premises except in drainage systems or natural water courses that are approved by the Lessors.

10. T.V. Antennas:

a. No television or other antennas may be erected, placed or maintained on the premises in a manner visible from any point outside of the premises.

11. Strip, Waste, Hazardous Waste:

a. Lessee will not make or suffer any strip or waste of any unlawful, improper or offensive use of the land.

b. Lessee will not by any act or negligence cause the land to become liable to seizure or attachment or final process of law.

c. Lessee shall not cause or permit the land or any portion of it to be in violation of any federal, state or local laws, ordinances or regulations relating to environmental conditions, industrial hygiene or hazardous materials.

d. Lessee shall be responsible for all actions and claims arising from any alleged violation of any hazardous materials laws by any governmental or regulatory agency, individual or entity.

12. Appraisal:

a. Whenever the Bishop Estate Lease provides that the fair market value or rate of return shall be determined

by appraisal for computation of any rent hereunder, fair market value or rate of return shall be determined by three (3) qualified real estate appraisers. Lessors and Lessee shall each appoint one (1) qualified real estate appraiser. The two (2) appointed real estate appraisers shall appoint the third real estate appraiser. In the event either party shall fail to appoint an appraiser, the party appointing the first appraiser may apply to any judge of the Circuit Court of the judicial circuit in which the premises are located for appointment of a second appraiser and the two (2) appraisers shall appoint the third appraiser. In the event the two (2) appraisers do not appoint the third appraiser within ten (10) days after appointment of the second appraiser, either party may have the third appraiser appointed by such judge. Lessors and Lessee shall pay one-half (1/2) of all costs and expenses of such appraisal, other than attorney's fees.

13. Condemnation:

a. If the premises or any portion thereof is taken or condemned by an authority having the power of eminent domain, the estate and interest of Lessee in the premises or portion thereof shall cease and Lessee shall not be entitled to any claim against Lessors or others for compensation or indemnity for leasehold interest.

b. All compensation and damages payable for or on account of any land or improvements upon the premises, except improvements constructed on the demised land during the term, shall be divided between Lessors and Lessee as of the date when Lessee loses the right to possession. All compensation and damages shall be divided between Lessors and Lessee according to the rations that the then expired and unexpired portions respectively of the terms after the date of original completion of such improvements bear to the sum of said portions.

c. In the event only part of the premises are taken or condemned, the minimum rent payable for the remaining period of the term for which it is fixed shall be reduced in the ratio that the land area of such part bears to the total area of demised land immediately prior to the condemnation or taking, or the ratio that the fair market value of such part bears to the fair market value of the demised land immediately prior to the condemnation or taking, whichever is less. All compensation and damages payable for or on account of

any improvements constructed on the demised land during the term shall be used promptly by Lessee to the extent necessary for restoring or replacing such improvements on the remaining land according to plans and specifications first approved in writing by Lessors. Any deficiencies shall be paid by Lessee from its own funds and any excess funds shall be divided between Lessors and lessee as hereinbefore set forth.

d. In the event more than one-half (1/2) of the premises are taken or condemned thereby rendering the remaining premises unsuitable for the purposes of the Lessee, Lessee may at its option surrender the Bishop Estate Lease and all interest of Lessee and any mortgagee in the compensation and damages payable on account of any improvements on the remaining premises so surrendered and be relieved of any further obligations.

e. Condemnation of any leasehold interest in the premises or any part thereof shall not terminate the Bishop Estate Lease nor excuse Lessee from full performance of his covenants for the payment of money or any other obligations hereunder. Lessee, however, may claim and recover from the condemning authority all compensation and damages payable on account of his leasehold interest.

f. Notwithstanding any provision hereof to the contrary, if any bank or other established lending institution holds a mortgage of the leasehold estate hereby demised or of any interest of Lessee therein or the improvements thereon, and the mortgage is-(1) executed within five (5) years of the date of commencement of the Bishop Estate Lease, and (2) made for the sole purpose of financing the construction of the initial buildings and improvements or the repayment of construction financing, and (3) security for an amount which does not exceed the fair market value of the Bishop Estate Lease and of all buildings and improvements actually constructed on the demised land and covered by such mortgage, then during the term of any such mortgage to which Lessors shall have given their written consent and approval specifically for purposes of Paragraph "B" of the Bishop Estate Lease, all compensation and damages payable to Lessors or Lessee for or on account of such buildings and improvements shall be paid to a bank or trust company authorized to do business in the State of hawaii and designated by Lessee to act at Lessee's sole expense as trustee for Lessors, Lessee and any such mortgagee.

The funds shall be held and distributed as follows: any portion of the compensation and damages payable to Lessee hereunder for or on account of any improvements on the demised land, which portion is not applied to or distributed for restoration or replacement of such improvements, shall be paid to the mortgagee; and, if the amount so paid is insufficient to fully pay such indebtedness, and, if the resulting loan-to-value ratio shall be greater than the ratio existing when the mortgage was first made, the trustee shall pay to mortgagee from the remaining portion otherwise payable to Lessors an amount sufficient to reduce said ratio to equal of the pre-existing ratio and the balance, if any, shall be paid to Lessors. In no event, however, shall Lessee or any such mortgagee be entitled to all or any portion of the compensation and damages paid for or on account of the land. All compensation and damages payable for or on account of the land shall be payable to and be the sole property of Lessors.

14. Consent to Mortgage:

a. Lessee may assign the Bishop Estate Lease by way of mortgage to any bank or other established lending institution as mortgagee, provided that the amount secured by way of mortgage shall not exceed the fair market value of the Bishop Estate Lease and all buildings and other improvements built on the land or to be built and paid for with the proceeds of such mortgage.

b. A true copy of the executed mortgage shall be delivered to Lessors.

c. If Lessors believe that the amount secured by the mortgage(s) exceeds the fair market value, Lessee, at its own expense, and on demand by Lessors shall cause such value to be determined by one (1) qualified real estate appraiser satisfactory to Lessors. If the secured amount exceeds the value as determined by the appraiser, Lessee shall have the amount reduced. If the value as determined by such appraiser shall be equal to or exceed the secured amount, Lessors shall reimburse the cost of such appraisal to Lessee.

d. The mortgagee or its assigns may enforce such mortgage and acquire title to the leasehold estate in any lawful way and pending foreclosure of such mortgage, may take possession of and rent the premises and upon foreclosure, may without further consent of Lessors sell and assign the leasehold estate by

assignment in which the assignee shall expressly assume and agree to observe and perform all the covenants of lessee herein contained.

e. The mortgagee or its assigns shall be liable to perform the obligations herein imposed on Lessee only during the period such person has possession or ownership of the leasehold estate.

f. Nothing contained in such mortgage shall release or be deemed to relieve Lessee from the full and faithful observance and performance of its covenants in the Bishop Estate Lease or from any liability for the nonobservance or nonperformance of any covenants in the Bishop Estate Lease nor be deemed to constitute a waiver of any rights of Lessors.

15. Default:

a. If Lessee shall (1) fail to pay rent or any part thereof within thirty (30) days after the same becomes due, or (2) fail to observe and perform any of its covenants or agreements contained in the Bishop Estate Lease and the default shall continue for thirty (30) days after a statement by the obligee to Lessee, or (3) fail to observe or perform any other covenants or agreement contained in the Bishop Estate Lease and such default shall continue for thirty (30) days after written notice by Lessors to Lessee, or (4) abandon the premises or the Bishop Estate Lease or any estate or interest of Lessee under the Bishop Estate Lease shall be sold under any attachment or execution, Lessor may immediately re-enter the premises or any part thereof and/or terminate the Bishop Estate Lease without service of notice or legal process and without prejudice to any other remedy or right of action.

b. If the Bishop Estate Lease is recorded in the Hawaii Bureau of Conveyances or filed in the Office of the Assistant Registrar of the Land Court of Hawaii, the termination of the Bishop Estate Lease may, but is not required to, be made effective by recording or filing an affidavit by Lessors or a judgment by a court of competent jurisdiction.

c. If Lessee fails to observe or perform any of its covenants contained in the Bishop Estate Lease, Lessors may but shall not be obligated to observe or perform such covenant for and at the expense of the Lessee and all costs and expenses incurred by Lessors in observing

and performing such covenant shall constitute additional rent plus twelve percent (12%) per annum.

16. Nonwaiver:

a. Acceptance of rent by Lessors or their agent shall not be deemed a waiver of any breach by Lessee. Any waiver by Lessors of any breach by Lessee shall not extinguish the term, covenant or condition which Lessee breached.

17. Notices:

a. Any notice or demand to either Lessors or Lessee may be given in writing mailed as registered or certified mail addressed to the respective part at its post office address or the last such address designated by such party in writing or delivered personally. If Lessee is a corporation, notice or demand may be delivered to any officer. If Lessee is a partnership, notice or demand may be delivered to any general partner.

AMENDMENT TO LEASE

The Bishop Estate Lease was amended as follows:

1. Lessee accepts and rents the premises described in Exhibits A and B, subject to (a) the Unilateral Agreement and Declaration for Conditional Zoning dated July 3, 1986, recorded in the Bureau of Conveyance of the State of Hawaii in Liber 19645 at Page 696, (b) the Declaration of Protective Provisions dated January 30, 1991, recorded in the Bureau of Conveyance of the State of Hawaii as Document Number 91-026955, as amended from time to time, (c) all easements shown on Exhibit B or after acquired by Lessors to serve the premises or other lands in the vicinity.
2. Lessors reserve within said easements rights-of-way and within the rights-of-way within any area of substitute easements established by Lessors.
3. Lessors reserve the right to grant to any public utility or governmental authority or appurtenant to such other lands, such rights-of-way over, across and under said easements for access and for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage and similar public services and utilities and the right to enter the premises for such purposes and to repair such facilities and to trim any trees in the way of such lines.

Exhibit B
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EXHIBIT C

KALELE KAI - I

Description of Buildings

The Project consists of one (1) condominium unit building containing six (6) floors and sixty (60) residential condominium units and one (1) recreational area and building (hereinafter referred to as the "Club House"), containing a manager's office, maintenance office and storage area. The condominium unit building and Club House will be constructed primarily of reinforced concrete, steel, aluminum, glass, wood, plaster, tile and appropriate trim.

The condominium unit building shall contain the unit types disclosed and set forth in Exhibit "A". The Club House shall contain a swimming pool, spa, club house/lounge area which shall include a servery and storage room for tables and chairs, manager's office, maintenance office, men's and women's toilet rooms, janitor closet and equipment room. Each condominium unit shall have use of one (1) mail box which shall be located in the lobby of the building.

No condominium unit shall contain a basement.

EXHIBIT D

KALELE KAI - I

Boundaries of Each Condominium Unit

The respective condominium units shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, supports, roofs, skylights and ceilings located within or at the perimeter of or surrounding such condominium unit, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes, air exhaust or air conditioning running through or otherwise located within such condominium unit which are utilized for or serve more than one condominium unit and any mechanical, electrical and air conditioning equipment originally installed and located within such condominium unit utilized for or serving more than one condominium unit, all of which are deemed common elements as hereinafter provided. Each condominium unit shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls, the inner decorated or finished surfaces of all walls, floors, roofs and ceilings; all glass windows, window frames, louvers, blinds (if any), panels, doors and door frames along its perimeter; any mechanical, electrical and air conditioning equipment originally installed and located within such condominium unit utilized for or serving only such condominium unit; the lanai shown on the Condominium Map to the inner decorated or finished surfaces of the exterior perimeter walls of such lanai and to the exterior edge of the exterior railings of such lanai; and all of the fixtures and appliances originally installed therein, including the carpets, refrigerator, dishwasher, range, oven, microwave oven, garbage disposal, washer, dryer, sinks and bathroom fixtures originally installed therein.

NOTE: The Penthouse condominium unit does not contain any fixtures, appliances or interior (non-load bearing) walls. It is the responsibility of the condominium unit owner, in its sole discretion and personal choice, to install fixtures, appliances and construct the interior layout and design of the Penthouse condominium unit; provided that said condominium unit owner shall not relocate or modify any utility connections or load or non-load

bearing walls which may require any type of construction work to the floor. Developer is only providing the capability to connect to utilities, water and wastewater disposal.

Exhibit D
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EXHIBIT E

KALELE KAI - I

Permitted Alterations to Condominium Units

The owner of a condominium unit shall not, except as specifically permitted in the Declaration of Condominium Property Regime or Bylaws of the Association of Owners of Kalele Kai, without the prior written consent of the Board of Directors make any structural alterations in or additions to the condominium unit or make any alterations or additions to the exterior of the condominium unit (including awnings, jalousies or screens) or to any other portion or portions of the common elements. Additions to or alterations of any condominium unit made within such condominium unit shall be permitted; provided that such addition or alteration shall not jeopardize the soundness or safety of the Project, reduce the value therefor, violate the uniform external appearance of the condominium unit or impair any easement.

Except as otherwise expressly set forth and reserved in the Declaration of Condominium Property Regime or Bylaws, any additions or alterations to the exterior of condominium units and to their lanais and structures and landscaping in common elements shall be undertaken by the Association or any condominium unit owners only upon the review and approval by the Building Department, City and County of Honolulu after the written consent of the Association is obtained by the affirmative vote of not less than seventy-five percent (75%) of the condominium unit owners and accompanied by the written consent of holders of all liens affected thereby.

EXHIBIT F

KALELE KAI - I

Common Elements

One freehold estate is hereby designated in all common elements of the Project which include all other portions of the Project other than the condominium units (except as herein specifically included) and all other common elements mentioned in the Act, which are actually included in the Project, including specifically but not limited to:

- (a) Said fee interest in Land;
- (b) All structural components such as foundations, beams, supports, main walls, roofs, entrances, exits, floor slabs, unfinished perimeter party and load-bearing walls, awnings, and walkways of said buildings;
- (c) All walkways and roadways providing access to any portion of the Project and located upon the land;
- (d) All yards, grounds, landscaping, retaining walls, planters, abutting common areas, recreational facilities, swimming pool and deck areas, toilet rooms, storage rooms, jacuzzi pool, all refuse facilities, maintenance office and manager's office;
- (e) All ducts, electrical equipment, -central water heating systems, wiring, pipes and other central and appurtenant transmission facilities and installations on, over, under and/or across the property which serve more than one condominium unit for services such as power, light, hot water, cold water, incineration, sewage, gas, telephone and television and radio signal distribution, if any;
- (f) Any apparatus and installation existing for common use such as tanks, pumps, motors, fans, compressors, ducts, vents and other installations and apparatus;
- (g) Deck areas, loading areas and refuse facilities;

(h) Any and all facilities for distribution and storage of mail; and

(i) Six (6) uncovered parking stalls shall be designated for guest parking. No automobile shall park in any guest parking stall for a period of twelve (12) hours or more. All remaining parking stalls of the Project shall be designated as "limited common elements" appurtenant to designated condominium units;

(j) Two (2) covered parking stalls shall be designated for handicap parking. The Association shall retain ownership of said handicap parking stalls and shall adopt rules for the assignment and use of said handicap parking stalls;

(k) One (1) boat mooring area. No boat or any type of recreational or commercial water craft or equipment may be moored at said boat mooring area for a period of two (2) hours or more. All remaining boat mooring areas of the Project shall be designated as "limited common elements" appurtenant to designated condominium units;

(l) Any and all other apparatus and installation of common use and all other parts of the property necessary or convenient to its existence, maintenance, and safety, or normally in common use.

EXHIBIT G

KALELE KAI - I

Limited Common Elements

Certain parts of the common elements, herein called and designated "Limited Common Elements", are hereby set aside and reserved for the exclusive use of certain condominium units, and such condominium units shall have appurtenant thereto exclusive easements for use of such limited common elements. The limited common elements so set aside and reserved are as follows:

(a) Each condominium unit shall have exclusive use of two (2) parking stalls and each Penthouse condominium unit shall have exclusive use of three (3) parking stalls as designated on the Condominium Map and designated in Exhibit "A" attached hereto and incorporated herein by reference. Notwithstanding any provision of this Declaration of Condominium Property Regime (hereinafter referred to as the "Declaration"), owners shall have the right to change the designation of parking stalls which are appurtenant to their respective condominium unit by amendment of the Declaration and respective condominium leases; provided that at least one (1) parking stall shall be appurtenant to each condominium unit and two (2) parking stalls shall be appurtenant to each Penthouse condominium unit. The amendment to effectuate a change in the designation of a parking stall shall need only the signature and approval of the Trustees, the owners whose parking stalls are being changed and their respective mortgagees, if any. The amendment shall be effective only upon recordation with the State of Hawaii Bureau of Conveyances.

(b) A designated condominium unit may have a boat mooring area appurtenant to and for the exclusive use of such condominium unit upon the original conveyance thereof, or as may be made appurtenant thereto by subsequent conveyance; provided, however, that such use shall be subject to that certain Declaration of Protective Provisions and any rules and regulations promulgated thereunder, a copy of which shall be provided to the owner, the Declaration and any house rules adopted by the Association. All boat mooring areas shall be identified by the letter "B" and a number. The numbers for the boat mooring areas appurtenant to a condominium unit or Penthouse condominium unit is as set forth in Exhibit "B" or as may be set forth in an amendment to the Declaration. The amendment to effectuate a

change in the designation of a boat mooring area appurtenant to a condominium unit or Penthouse condominium unit shall need only the signature and approval of the Trustees, the owner (which may include the Developer) transferring the boat mooring area, the owner accepting the transference of the boat mooring area and their respective mortgagees, if any. The amendment shall be effective only upon recordation with the State of Hawaii Bureau of Conveyances.

In addition, a boat mooring area may be rented or leased for a minimum period of six (6) months to another owner or tenant of a condominium unit within the Project, subject to the terms and conditions of this Declaration and the Declaration of Protective Provisions and any rules and regulations promulgated thereunder; provided that said lease of the boat mooring area shall be in writing and all assessments, charges, fees or penalties arising from said boat mooring area shall be levied against the owner of the condominium unit to which the boat mooring area is an appurtenant limited common element; provided, further, that the use of a boat mooring area may not be granted by license, agreement or instrument to a person who is not an owner or tenant of a condominium unit within the Project.

(c) All other common elements of the project which are rationally related to an individual condominium unit(s) or buildings shall be limited to the use of such condominium unit(s) or buildings.

Exhibit G
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EXHIBIT H

KALELE KAI - I

Encumbrances Against Title

1. Real Property Taxes, Second Installment, Fiscal Year July 1, 1991 - June 30, 1992.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL ZONING dated July 3, 1986, recorded in Liber 19645 at Page 696.
4. Portion of Easement "1" for drainage purposes, as shown on File Plan No. 1910.
5. Terms, easements, restrictions, agreements, reservations, covenants, conditions and provisions contained in Lease No. 28,587, dated October 9, 1990, and recorded as Document No. 90-158696, and as amended by instrument dated February 13, 1991, recorded as Document No. 91-026956.
6. Reservation set forth in said Lease as amended, to-wit:

". . . reserving unto Lessors within said easements rights-of-way now or hereafter required by Lessors as hereinafter provided, and the right to grant to any public utility or governmental authority or appurtenant to such other lands, such rights-of-way over, across and under said easements for access and for lines and other transmission facilities and appurtenances for electricity, gas, telephone, water, sewer, drainage and similar public services and utilities, and the right to enter for such purposes and to repair such facilities and to trim any trees in the way of such lines, for the term, at the rents and on all the covenants, conditions and provisions hereinafter set forth"
7. Covenants, conditions and restrictions set forth in DECLARATION OF PROTECTIVE PROVISIONS dated January 30, 1991, recorded as Document No. 91-026955.

8. MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

MORTGAGOR : KAPALELE ASSOCIATES, a Hawaii limited partnership

MORTGAGEE : THE MITSUI TRUST & BANKING CO., LTD., a Japan corporation acting through its Los Angeles Agency

DATED : July 23, 1991
RECORDED: Document No. 91-101524
AMOUNT : \$76,790,000.00

CONSENT OF LESSOR TO MORTGAGE OF LEASE AND ESTOPPEL CERTIFICATE dated July 22, 1991, recorded as Document No. 91-101525, given by the Trustees of the Estate of Bernice Pauahi Bishop.

9. Covenants, conditions and restrictions set forth in DECLARATION OF RESTRICTIVE COVENANTS (PRIVATE PARK) dated June 3, 1991, recorded as Document No. 91-119313.

10. Easement "1" (area 10,688 square feet) for access and utility purposes, as shown on map prepared by Roy T. Yama, Registered Professional Land Sureveyor, with Paren, Inc., dba. Park Engineering, dated September 3, 1991.

11. Easement "2" (area 453 square feet) for waterline and water meter purposes, as shown on map prepared by Roy T. Yama, Registered Professional Land Sureveyor, with Paren, Inc., dba. Park Engineering, dated September 3, 1991.

Information to be obtained from the title-report.

Exhibit H
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EXHIBIT I

KALELE KAI (PHASE I)

MONTHLY MAINTENANCE FEES

Type Apartment	% Common Interest	Monthly Maint. Fee	Number of Units	Total Maint. Fees by Type
A-1, A-2, AR-1, AR-2	1.3799	\$300.96	14	\$ 4,213.44
B-1, B-2	1.3829	\$301.61	4	\$ 1,206.44
BIR-1	1.3772	\$300.37	6	\$ 1,802.22
C-1, C-2, CR-1, CR-3	1.3802	\$301.02	11	\$ 3,311.22
CIR-1	1.3747	\$299.82	4	\$ 1,199.28
E-1, E-3, ER-1, ER-2	1.9324	\$421.46	17	\$ 7,164.82
P-1, PR-1	3.3402	\$728.50	3	\$ 2,185.50
PIR-2	3.3341	\$727.17	1	\$ 727.17
Total			60	\$21,810.09

Estimated as of January 1, 1992

*The estimated maintenance fees do not include the maintenance cost for the Phase 2 and Phase 3 land which Developer, in its sole discretion, may: (1) construct additional condominium units upon, or (2) subdivide and remove from the condominium property regime established for the Project. Developer, in its sole cost, shall maintain said Phase 2 and Phase 3 land in good condition.

*Developer's reservation of right to construct and merge additional condominium units and subdivide and remove said Phase 2 and Phase 3 land is disclosed in Paragraphs 20 and 21, respectively, of the Declaration of Condominium Property Regime of Kalele Kai - I.

EXHIBIT J

KALELE KAI - I

Construction Warranties

Paragraph 19 of the Leasehold Condominium Sales Contract states: The execution, delivery and recordation of the Assignment of Lease shall constitute the assignment by Seller to Buyer of any and all warranties given Seller by the general contractor for the Project and by any subcontractors or materialmen, including but not limited to said contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after "substantial completion" of the Condominium Unit, as that term is defined in the construction contract for the Project, and the benefit of such warranties shall accrue to Buyer on closing without further instruments or documents. Seller agrees to cooperate with Buyer during the effective period of any such warranties in asserting any claims based on such warranties. If closing occurs after the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller will also give to Buyer a construction warranty from the Seller which shall last for a period of ninety (90) days from the date of closing; provided, however, that if closing occurs within ninety (90) days before the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller's warranty shall extend for a certain period after said expiration date so that the total period for Seller's warranty shall be ninety (90) days.

NOTE: The Penthouse condominium unit does not contain any fixtures, appliances or interior (non-load bearing) walls. It is the responsibility of the condominium unit owner, in its sole discretion and personal choice, to install fixtures, appliances and construct the interior layout and design of the Penthouse condominium unit; provided that said condominium unit owner shall not relocate or modify any utility connections or load or non-load bearing walls which may require any type of construction work to the floor. Developer is only providing the capability to connect to utilities, water and wastewater disposal. THE FIXTURE AND APPLIANCE WARRANTIES DISCLOSED IN THE SALES CONTRACT AND PUBLIC REPORT SHALL NOT APPLY TO THE PENTHOUSE CONDOMINIUM. THE CONSTRUCTION WARRANTIES DISCLOSED IN THE SALES CONTRACT AND HEREIN SHALL ONLY APPLY TO THE MATERIALS AND WORKMANSHIP EXISTING IN THE PENTHOUSE CONDOMINIUM AS OF THE DATE OF CONVEYANCE OF THE PENTHOUSE

CONDOMINIUM UNIT TO OWNER. THE CONSTRUCTION WARRANTIES SHALL NOT APPLY TO ANY DAMAGE TO MATERIALS OR WORKMANSHIP ARISING FROM WORK PERFORMED BY THE OWNER, ITS AGENTS, CONTRACTORS AND SUBCONTRACTORS.

Exhibit J
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EXHIBIT K

KALELE KAI - I

Summary of Sales Contract

A specimen Leasehold Condominium Sales Contract has been submitted to the Real Estate Commission as part of the registration. The specimen Leasehold Condominium Sales Contract ("Sales Contract") provides in part:

(a) That if the purchasers who have agreed to obtain mortgage loans have not secured preliminary loan commitment therefor within forty-five (45) days after application for the same satisfactory to the Seller, the Seller may elect to terminate at Seller's option, the Sales Contract upon written notice to the purchaser and, upon such termination all monies paid by the purchaser be refunded without interest less the cost of any credit report, escrow cancellation fees, if any, and other costs actually incurred by the Seller or lending institution in processing such loan application; provided, however, that if the Seller ascertains that the purchaser has failed to qualify for the mortgage loan due to the failure to use his best efforts to obtain such mortgage loan in good faith or to do or perform all acts necessary to obtain such loan, then such failure shall constitute a default by the purchaser entitling Seller to retain all sums paid as liquidated damages;

(b) Prospective purchaser should be aware that the Seller's mortgage loans (interim, renewals and extensions) used for the construction of the Project shall be and remain at all times a superior lien on the Project, and purchasers intentionally waive and subordinate the priority of lien under the Sales Contract or reservation agreement in favor of such mortgage loan and waives any claims which they may have against Seller for breach of the Sales Contract or reservation agreement in the event that said mortgage loans are foreclosed;

(c) Additionally, the Sales Contract provides that Seller makes no warranties, expressed or implied, with respect to the condominium units or any common elements or anything installed therein. Seller shall assign to purchasers any and all warranties given Seller by the general contractor of the Project together with any guaranties against faulty material or workmanship. Purchaser shall receive direct warranties given by dealers or manufacturers on appliances installed in condominium units and common elements. NOTE: The Penthouse condominium

unit does not contain a refrigerator, microwave oven, range/oven, disposer, carpeting, washer and dryer, water heater, any utility fixtures or interior (non-load bearing) walls. It is the responsibility of the purchaser, in its sole discretion and personal choice, to purchase and install fixtures and appliances and construct the interior layout and design of the Penthouse condominium unit. Seller is only providing the capability to connect to utilities, water and wastewater disposal. THE FIXTURE AND APPLIANCE WARRANTIES SHALL NOT APPLY TO THE PENTHOUSE CONDOMINIUM UNIT. THE CONSTRUCTION WARRANTIES SHALL ONLY APPLY TO THE MATERIALS AND WORKMANSHIP EXISTING IN THE PENTHOUSE CONDOMINIUM UNIT AS OF THE DATE OF CONVEYANCE OF THE PENTHOUSE CONDOMINIUM UNIT TO PURCHASER. THE CONSTRUCTION WARRANTIES SHALL NOT APPLY TO ANY DAMAGE TO MATERIALS OR WORKMANSHIP ARISING FROM WORK PERFORMED BY THE PURCHASER, ITS AGENTS, CONTRACTORS AND SUBCONTRACTORS.

(d) All expenses in connection with the sale are to be payable by purchaser, including, but not limited to, the cost of drafting the Assignment of Lease and the cost of the acknowledgments in respect thereof; the State of Hawaii conveyance tax (NOTE: In connection with the conveyance tax, the Seller and purchaser will appoint Escrow Agent as their agent for the purpose of filing the affidavit in respect thereto); the escrow fee; the cost of obtaining financing or a financing commitment for any portion of the purchase price and all expenses incident thereto; the expense of credit reports; the drafting of mortgages, etc. (which costs shall be paid directly to Purchaser's mortgagee and shall in no event be reimbursed by Seller); acknowledgments of the Purchaser on all instruments; recording fees; and any costs incurred for title insurance.

(e) Purchaser may also be required to prepay maintenance fees for a period of up to two (2) months, prepay insurance premiums for up to one (1) year, prepay real property taxes for the remainder of the tax year prorated as of the date that a certificate of occupancy for the condominium unit has been issued by the City and County of Honolulu and pay a non-refundable start-up fee in an amount equal to two (2) months maintenance fees, which shall be a one-time non-transferable non-refundable assessment at sale, not as a common expense, shall be in addition to the normal monthly maintenance fees, shall be held, accounted for and expended as funds of the Association for the benefit of all of the condominium unit owners by Seller and the managing agent, all of which shall be paid at preclosing. Purchaser further agrees that all maintenance, other taxes, assessments and other expenses shall also be prorated between Seller and purchaser as of such proration date

for real property taxes which shall be the date that a certificate of occupancy for the condominium unit has been issued by the City and County of Honolulu. Purchaser may be required to pay a one-time non-transferable non-refundable fee for the maintenance and preservation of Kuapa Pond and the waterways and such fee shall be paid at Pre-Closing. (NOTE: This amount, together with other amounts required, are in addition to and are not part of the total purchase price and shall be paid at preclosing).

(f) If the development and construction of the Project is delayed due to governmental restrictions or regulations, or if said delay is caused by fire, earthquake, tidal wave, acts of God, the elements, war or civil disturbances, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or material, or any other event, matters of conditions including any litigation or threat of litigation concerning the Project, and Seller determines in its sole discretion that increases in development and construction costs have or will occur, then and in any such event, Seller may increase total Purchase Price for the Property by an amount not in excess of the Property's proportionate share (approximately based on the percentage common interest specified above) of the total amount of such increases in development and construction and/or interest costs; provided that Seller shall provide prior notice to purchaser.

(g) The Seller has made no representations with respect to the possibility or probability of rental or other income from the condominium unit or other economical benefit to be derived from the rental of the condominium unit, including but not limited to, any representations to the effect that Seller or the managing agent of the project by a third party will provide services relating to the rental or sale of the condominium unit nor representations as to the possible advantages from the rental of the condominium unit under Federal and State tax laws. If purchaser wishes to rent the condominium unit to third persons, purchaser must make his own arrangements. Purchaser further agrees and acknowledges that in the event that the offer to sell and the purchase of the condominium unit or the activities of purchaser with respect to the condominium unit are determined to be or alleged to give rise to any violation of any Federal or State securities laws or regulations, Seller may obtain an injunction enjoining such acts of the purchaser and Seller may, in addition, pursue any other remedies and purchaser shall pay the Seller's costs and attorneys' fees in connection therewith. In the event that the purchaser or anyone claiming by or through him alleges that the offer to sell or the purchase of the condominium

unit gives rise to any violation of any Federal or State disclosure laws or regulations, the purchaser covenants not to sue for any remedy other than to sue for refund of the purchase price and actual closing cost plus interest at ten percent (10%) per annum from the date of closing to the date of repayment. Purchaser agrees to absorb any additional charges incurred with respect to the condominium unit as the reasonable use value of the condominium unit. The terms of this paragraph shall survive final closing of the sale and purchaser's occupancy of the condominium unit.

(h) Option to Develop and Merge Additional Phases. Seller hereby discloses that Seller shall have the right at its sole and absolute discretion to amend this Project, which is the first phase, by way of merger, as hereinafter provided, at any time up to, but not later than August 1, 2001, by the construction and addition to the project of three (3) additional residential buildings containing one hundred forty-nine (149) additional condominium units and ten (10) townhomes, together with such supporting and servicing common elements which the Seller, in its sole discretion, determines are beneficial to the Project, on up to an additional 235,624 square feet of the total 373,108 square feet of the Project and adjoining the first phase, which addition may be made in two (2) additional increments to be designated as "KALELE KAI - II" and "KALELE KAI - III". The purpose of the merger provisions of Paragraph 20 of the Declaration of Condominium Property Regime (hereinafter referred to as the "Declaration") is to provide for a merger of all phases just as if the phases involved had been developed as one single project. For purposes of all instruments required pursuant to Chapter 514A, Hawaii Revised Statutes, as amended, the first phase of the Project shall be referred to as "Phase 1" and the additional phases shall be referred to as "Phase 2" and "Phase 3" respectively.

(i) Option to Subdivide and Remove Underlying Land For Proposed Second and/or Third Phase. Notwithstanding Seller's reservation of right to develop and merge additional phases, Seller, in its sole discretion, has reserved the right to subdivide out and remove the land for the proposed second and/or third phase. Paragraph 21 of the Declaration sets forth the manner in which Seller may exercise its right to subdivide and the effect of subdivision. It is recommended that Paragraph 21 be read in conjunction with Paragraph 20 of the Declaration.

Exhibit K
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EXHIBIT L

KALELE KAI - I

Summary of Escrow Agreement

An executed Escrow Agreement has been submitted to the Real Estate Commission as part of the registration. The Escrow Agreement dated June 28, 1991, identified Title Guaranty Escrow Services, Inc. as the escrow agent. The Escrow Agreement provides that the Escrow Agent shall refund to purchaser all of purchaser's funds less a cancellation fee of not less than \$25.00, if purchaser shall request refund of his funds and any one of the following shall have occurred:

(a) Developer and purchaser have requested Escrow Agent in writing to return to purchaser the funds or purchaser then held under the Escrow Agreement by Escrow Agent; or

(b) Developer has notified Escrow Agent of Developer's exercise of the option to rescind the sales contract pursuant to any right of rescission stated therein or otherwise available to Developer; or

(c) With respect to a purchaser whose funds were obtained prior to the issuance of the Final Report,

(i) upon receiving a true copy of the Final Report, purchaser elects to cancel the sales contract before the earlier of (1) the conveyance of the condominium unit to the purchaser, -or (2) midnight of the thirtieth day following the date of delivery of the final public report to such purchaser, or

(ii) there is a material change in the Project which directly, substantially and adversely affects the use or value of (1) the purchaser's condominium unit or limited common elements appurtenant thereto, or (2) those amenities of the Project available for purchaser's use, except for any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of the Project made pursuant to the terms of the Declaration.

Escrow shall promptly and diligently close the transactions and perform such services as are necessary or proper therefor including the recordation of all documents. If purchaser fails to make any payment on or before the due date or fails to perform in any matter which is being handled by Escrow, Escrow shall promptly notify Developer of any such failure on the part of purchaser.

Exhibit L
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EXHIBIT M

KALELE KAI - I

DISCLOSURE ABSTRACT

Name of Project: KALELE KAI
One Keahole Place
Honolulu, Hawaii 96825

Developer and Seller: Kapalele Associates
Suite 300
6600 Kalaniana'ole Highway
Honolulu, Hawaii 96825

Managing Agent: Hawaiiana Management Company
1270 Ala Moana Boulevard
Honolulu, Hawaii 96814

Annual Maintenance Fees and Monthly Estimated Costs for Each Condominium Unit: See Exhibits "A" and "B" attached hereto and made a part hereof.

Description of Warranties: Paragraph 19 of the Leasehold Condominium Sales Contract states: The execution, delivery and recordation of the Assignment of Lease shall constitute the assignment by Seller to Buyer of any and all warranties given Seller by the general contractor for the Project and by any subcontractors or materialmen, including but not limited to said contractor's guarantee of materials and workmanship against faulty or deficient materials and installation for a period of one (1) year after "substantial completion" of the Condominium Unit, as that term is defined in the construction contract for the Project, and the benefit of such warranties shall accrue to Buyer on closing without further instruments or documents. Seller agrees to

cooperate with Buyer during the effective period of any such warranties in asserting any claims based on such warranties. If closing occurs after the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller will also give to Buyer a construction warranty from the Seller which shall last for a period of ninety (90) days from the date of closing; provided, however, that if closing occurs within ninety (90) days before the expiration of the warranties of the general contractor, subcontractors and materialmen, Seller's warranty shall extend for a certain period after said expiration date so that the total period for Seller's warranty shall be ninety (90) days. Buyer shall also have the direct benefit of any manufacturer's or dealer's warranties covering the appliances in the Condominium Unit. Buyer acknowledges that Seller has made no other warranties, expressed or implied, with respect to the Property or any common element or anything installed therein. At Seller's option, an inspection program may be instituted and, if so, Buyer agrees to inspect Buyer's Condominium Unit on a date and at a time to be specified by Seller and upon completion of such inspection, to sign an inspection sheet to be furnished by Seller which shall list all defects or damages to the property, if any. Buyer agrees to accept possession of the property despite the existence of such defects or damages to the Property regardless of extent, including but not limited to any defects in appliances and fixtures, which may be listed in said inspection sheet, but which do not render the Property uninhabitable. Seller will cooperate with and assist Buyer in having legitimate listed defects or damages corrected or repaired within a reasonable time thereafter by the general contractor or other warrantor.

This guarantee shall survive the closing. Buyer agrees to indemnify Seller for any damages or losses, including interest and attorney's fees, resulting from any refusal to make such inspection, to sign such inspection sheet or to accept possession of the Property upon request by Seller and if Buyer shall make any such refusal Buyer shall be deemed to be in default under this Agreement and Seller at its option shall be entitled to cancel this Agreement and keep all payments made hereunder as liquidated damages. Buyer hereby waives all rights of inspection and rights to Seller's cooperation and assistance with the general contractor or other warrantors if Buyer fails to inspect Buyer's Condominium Unit on the date and time specified by Seller and Buyer acknowledges that such waiver shall not in any way affect Buyer's obligations hereunder including without limitation the making of Payments C and D and performance of Buyer's closing obligations.

Penthouse
Condominium Unit
Disclosure:

The Penthouse condominium unit does not contain any fixtures, appliances or interior (non-load bearing) walls. It is the responsibility of the Buyer, in its sole discretion and personal choice, to purchase and install fixtures and appliances and construct the interior layout and design of the Penthouse condominium unit. Seller is only providing the capability to connect to utilities, water and wastewater disposal. THE FIXTURE AND APPLIANCE WARRANTIES SET FORTH IN THE SALES CONTRACT SHALL NOT APPLY TO THE PENTHOUSE CONDOMINIUM. THE CONSTRUCTION WARRANTIES SET FORTH HEREINABOVE SHALL ONLY APPLY TO THE MATERIALS AND WORKMANSHIP EXISTING IN THE PENTHOUSE CONDOMINIUM AS OF THE DATE OF CONVEYANCE OF THE PENTHOUSE CONDOMINIUM UNIT TO BUYER. THE

CONSTRUCTION WARRANTIES SET FORTH
HEREINABOVE SHALL NOT APPLY TO ANY
DAMAGE TO MATERIALS OR WORKMANSHIP
ARISING FROM WORK PERFORMED BY THE
BUYER, ITS AGENTS, CONTRACTORS AND
SUBCONTRACTORS.

Use: The project will contain sixty (60)
LEASEHOLD condominium units which shall
be used only for residential purposes.
The project will also contain one (1)
manager's office and one (1)
maintenance office.

Option to Develop
and Merge

Additional Phases: Seller, in its sole and absolute
discretion, shall have the right to
amend this Project, which is first
phase, by way of merger, as discussed
in Paragraph 20 of the Declaration of
Condominium Property Regime of Kalele
Kai - I ("Declaration"), at any time up
to, but not later than August 1, 2001,
by the construction and addition to the
project of three (3) residential
buildings containing one hundred
forty-nine (149) additional condominium
units and ten (10) townhomes, together
with such supporting and servicing
common elements which the Seller, in
its sole and absolute discretion,
determines are beneficial to the
Project, on an additional 235,624
square feet of the total 373,108 square
feet of land covered by the Declaration
and adjoining the first phase, which
addition may be made in two (2)
additional phases to be designated as
"KALELE KAI - II" and "KALELE KAI -
III". For purposes of Paragraphs 20
and 21 of the Declaration, the first
phase of the Project shall be known as
"Phase 1" and the additional phases
shall be known as "Phase 2" and "Phase
3" respectively. Merger shall take
effect with respect to Phase 2 and/or
Phase 3, as such Phase 2 and/or Phase 3
is built and upon the happening of all

of the conditions set forth in Paragraph 20 of the Declaration.

Paragraph 20 of the Declaration sets forth the rights, powers and privileges of Seller and the effect of merger of additional phases. The percentage of common interest of each condominium unit upon merger of the Phase 2 shall be as provided in Exhibit "D" of the Declaration. The percentage of common interest of each condominium unit upon merger of all phases shall be as provided in Exhibit "E" of the Declaration.

Buyer shall have the full opportunity to read, review and examine and shall approve of Paragraph 20 of the Declaration prior to the Sales Contract becoming a binding sales contract.

Option to Subdivide
and Remove Land
for Proposed
Phase 2 and/or
Phase 3:

Seller, in its sole and absolute discretion, shall have the right to subdivide and remove the Phase 2 and/or Phase 3 land from the Project and the condominium property regime for the Project. This Paragraph 21 is intended to give Seller, in its sole and absolute discretion, the right to subdivide and remove the Phase 2 and/or Phase 3 land from the condominium property regime established for the Project. The subdivision and removal of the Phase 2 and/or Phase 3 land, will create separate legal parcels. The Project will be contained on a parcel separate and apart from the Phase 2 and/or Phase 3 land. As a separate, legal parcel, Seller shall have the sole and absolute right to develop the Phase 2 and/or Phase 3 land as permitted by law and such development and improvement of such land shall not constitute a portion of the Project.

If Seller exercises its right to subdivide and remove the Phase 2 and Phase 3 land, Phase 1 shall constitute the entire Project and the percentage common interest shall be as provided in Exhibit "B" of the Declaration. If Seller exercises its right to subdivide and remove the land for the proposed Phase 3, Phase 1 and Phase 2 shall constitute the entire Project and the percentage common interest shall be as provided in Exhibit "D" of the Declaration. Seller shall have perpetual, non-exclusive easements for ingress to, egress from, utility services for and support, maintenance, and repair of any improvement constructed upon the Phase 2 and/or Phase 3 land and non-exclusive easements for the development and construction of any improvement upon the Phase 2 and/or Phase 3 land.

Paragraph 21 of the Declaration sets forth the rights, powers and privileges of Seller to subdivide and remove the Phase 2 and/or Phase 3 land from the Project and the condominium property regime established for the Project and the conditions which must be satisfied in order to effectuate the subdivision and removal of the Phase 2 and/or Phase 3 land.

Buyer hereby acknowledges that prior to this Agreement becoming a binding sales contract as set forth in Paragraph 24 hereinbelow, Buyer shall have the full opportunity to read, review and examine and shall approve of Paragraph 21 of the Declaration prior to the Sales Contract becoming a binding sales contract.

Boat Mooring Areas: A boat mooring area may be appurtenant to and for the exclusive use of a designated condominium unit upon the original conveyance thereof, or as may

be made appurtenant thereto by subsequent conveyance. The use of a boat mooring area shall be subject to that certain Declaration of Protective Provisions and any rules and regulations promulgated thereunder, a copy of which shall be provided to the owner, the Declaration and any house rules adopted by the Association. The boat mooring areas appurtenant to a condominium unit or penthouse condominium unit is as set forth in Exhibit "B" of the Declaration or as may be set forth in an amendment to the Declaration. The amendment to effectuate a change in the designation of a boat mooring area appurtenant to a condominium unit or penthouse condominium unit shall need only the signature and approval of the Trustees, the owner (which may include the Developer) transferring the boat mooring area, the owner accepting the transference of the boat mooring area and their respective mortgagees, if any. The amendment shall be effective only upon recordation with the State of Hawaii Bureau of Conveyances.

In addition, a boat mooring area may be rented or leased for a minimum period of six (6) months to another owner or tenant of a condominium unit within the Project, subject to the terms and conditions of the Declaration and the Declaration of Protective Provisions and any rules and regulations promulgated thereunder; provided that said lease of the boat mooring area shall be in writing and all assessments, charges, fees or penalties arising from said boat mooring area shall be levied against the owner of the condominium unit to which the boat mooring area is an appurtenant limited common element.

December 20, 1991

EXHIBIT A
KALELE KAI (PHASE I)

ESTIMATED MONTHLY COMMON EXPENSES

Receipts	
Maintenance Fees	\$21,810.00
Interest	<u>100.00</u>
Total	\$21,910.00
Disbursements	
Utilities	
Electricity	\$ 1,422.00
Television Cable	1,200.00
Water	617.00
Sewer	1,163.00
Telephone	<u>63.00</u>
Total	\$ 4,465.00
Maintenance	
Air Conditioning/Mechanical Maintenance	\$ 600.00
Cleaning Supplies	150.00
Elevator	687.00
Grounds	2,500.00
Lighting	75.00
Plumbing	100.00
Pool	300.00
Miscellaneous Repairs & Purchases	500.00
Painting	100.00
Pest Control	150.00
Security	3,648.00
Refuse	900.00
Electronic Systems	<u>300.00</u>
Total	\$10,010.00
Administration	
Administrative Supplies & Services	\$ 175.00
Management Services	800.00
Legal Fees	100.00
Audit	<u>60.00</u>
Total	\$ 1,135.00
Payroll and Benefits	
Payroll Cleaning	\$ 1,300.00
Payroll Maintenance	1,700.00
Workers' Compensation	246.00
TDI	14.00
Health Care	400.00
Payroll Taxes	<u>347.00</u>
Total	\$ 4,007.00

Other Expenses	
Insurance	\$ 833.00
Miscellaneous	150.00
General Excise Tax	<u>10.00</u>
Total	\$ 993.00
Major Purchases and Repairs	\$ 300.00
Reserve Transfers	\$ 1,000.00
Total Disbursements and Reserves	\$21,910.00

It is hereby certified that the foregoing estimate of the monthly common expenses and the estimated maintenance fees per unit type were calculated based upon generally accepted accounting principles using current cost data as of January 1, 1992.

HAWAIIANA MANAGEMENT COMPANY, LTD.

By Richard M. Gouley
Its President

KALELE KAI (PHASE I)

BUDGET ANALYSIS

ELECTRICITY

Apartments individually metered with HECO. Apartments are sub-metered and billed for A/C use in individual apartments in addition to monthly maintenance fee. Estimated monthly common area consumption 18,000 kwh. Current rate \$.072/kwh. HECO is asking for rate increase of 16.8% to go into effect in late 1992 if approved by the P.U.C. Suggest budget for 10 percent increase in 1992.

$$.072 \times 1.10 = \$.079/\text{kwh}$. $18,000 \text{ kwh} \times \$.079 = \$1,422.00$

TELEVISION CABLE

Estimated rate \$20.00 per unit per month.

$60 \text{ units} \times \$20.00 = \$1,200.00$

WATER

Rate per 1,000 gallon is scheduled to increase from \$1.33 to \$1.45 on July 1, 1992. Estimated monthly consumption 425 K/gallons.

$425 \text{ K/gallons} \times \$1.45 = \$616.25 \text{ per month}$.

SEWER

Current rate is \$19.38 per unit per month, paid bi-monthly for Hawaii Kai sewer treatment facility.

$\$19.38 \times 60 \text{ units} = \$1,162.80$

TELEPHONE

Pay telephone - recreation center	\$ 7.00
Elevators	<u>\$56.00</u>
Total	\$63.00

AIR CONDITIONING AND MECHANICAL MAINTENANCE

Estimate \$300.00 per month for mechanical preventive maintenance plus \$300.00 per month for parts and labor not covered by contract. Total \$600.00. Maintenance of air-handlers in apartments is owner responsibility.

CLEANING SUPPLIES

Estimate \$150.00 per month for cleaning supplies for janitorial maintenance.

ELEVATOR

Elevator maintenance contract \$675.00 per month for two elevators. Semi-annual inspections \$70.00 each or \$12.00 per month. Total \$687.00 per month.

GROUNDS

Estimate \$2,500.00 per month for grounds maintenance, tree trimming, sprinkler system repair and replacement of plants, shrubs.

LIGHTING

Estimate \$75.00 per month for lighting fixture maintenance.

PLUMBING

Estimate \$100.00 per month for plumbing repairs and drain cleaning.

POOL

Estimate \$300.00 per month for pool and spa maintenance and chemicals.

MISCELLANEOUS REPAIRS AND PURCHASES

Estimate \$500.00 per month for miscellaneous repairs and purchases.

PAINT

Estimate \$100.00 per month for paint and painting supplies.

PEST CONTROL

Estimate \$150.00 per month for pest control treatment of common areas.

REFUSE

Estimate \$900.00 per month for refuse collection.

ELECTRONIC SYSTEMS

Maintenance of security, fire control and A/C sub-metering electronic systems. \$300.00 per month.

SECURITY

Estimate \$900.00 per month for refuse collection.

ADMINISTRATIVE SUPPLIES AND SERVICES

Estimate \$175.00 per month for administrative supplies and services.

MANAGEMENT SERVICES

Management fee for Phase I is \$800.00 tax included.

LEGAL FEES

Estimate \$100.00 per month for legal services.

AUDIT/PUBLIC ACCOUNTING

Estimate \$720.00 per year for annual audit and tax preparation \$60.00 per month.

PAYROLL - CLEANING

Estimate \$1,300.00 for one employee to clean common areas.

PAYROLL - MAINTENANCE

Estimate \$1,700.00 per month for one employee for building, recreation area and water feature maintenance.

WORKERS' COMPENSATION

Current rate 8.02% of total payroll. Total monthly payroll of \$3,000.00 x .082 = \$246.00 per month.

TEMPORARY DISABILITY INSURANCE (T.D.I.)

Current rate .46% of total payroll. Total payroll of \$3,000.00 x .0046 = \$13.80.

EXHIBIT B

KALELE KAI (PHASE I)

MONTHLY MAINTENANCE FEES

Type Apartment	% Common Interest	Monthly Maint. Fee	Number of Units	Total Maint. Fees by Type
A-1, A-2, AR-1, AR-2	1.3799	\$300.96	14	\$ 4,213.44
B-1, B-2	1.3829	\$301.61	4	\$ 1,206.44
BIR-1	1.3772	\$300.37	6	\$ 1,802.22
C-1, C-2, CR-1, CR-3	1.3802	\$301.02	11	\$ 3,311.22
CIR-1	1.3747	\$299.82	4	\$ 1,199.28
E-1, E-3, ER-1, ER-2	1.9324	\$421.46	17	\$ 7,164.82
P-1, PR-1	3.3402	\$728.50	3	\$ 2,185.50
PIR-2	3.3341	\$727.17	1	\$ 727.17
Total			60	\$21,810.09

Estimated as of January 1, 1992

*The estimated maintenance fees do not include the maintenance cost for the Phase 2 and Phase 3 land which Developer, in its sole discretion, may: (1) construct additional condominium units upon, or (2) subdivide and remove from the condominium property regime established for the Project. Developer, in its sole cost, shall maintain said Phase 2 and Phase 3 land in good condition.

*Developer's reservation of right to construct and merge additional condominium units and subdivide and remove said Phase 2 and Phase 3 land is disclosed in Paragraphs 20 and 21, respectively, of the Declaration of Condominium Property Regime of Kalele Kai - I.